

VZCZCXRO5175  
OO RUEHCHI RUEHDT RUEHHM RUEHNH  
DE RUEHGO #0419/01 1240438  
ZNY CCCCC ZZH  
O 040438Z MAY 07  
FM AMEMBASSY RANGOON  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 6012  
INFO RUCNASE/ASEAN MEMBER COLLECTIVE  
RUEHBJ/AMEMBASSY BEIJING 1413  
RUEHBY/AMEMBASSY CANBERRA 0283  
RUEHKA/AMEMBASSY DHAKA 4533  
RUEHLO/AMEMBASSY LONDON 1936  
RUEHNE/AMEMBASSY NEW DELHI 3838  
RUEHUL/AMEMBASSY SEOUL 7378  
RUEHTC/AMEMBASSY THE HAGUE 0616  
RUEHKO/AMEMBASSY TOKYO 4930  
RUEHCI/AMCONSUL CALCUTTA 1109  
RUEHCN/AMCONSUL CHENGDU 1126  
RUDKIA/AMCONSUL CHIANG MAI TH 0969  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEHGV/USMISSION GENEVA 3120  
RHEHNSC/NSC WASHDC  
RUEKJCS/SECDEF WASHDC  
RUEKJCS/JOINT STAFF WASHDC  
RUCNDT/USMISSION USUN NEW YORK 0761  
RUEHBS/USEU BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 03 RANGOON 000419

SIPDIS

SIPDIS

STATE FOR EAP/MLS;  
PACOM FOR FPA

E.O. 12958: DECL: 09/21/2016  
TAGS: [SOCI](#) [EAID](#) [PHUM](#) [KHIV](#) [PGOV](#) [BM](#)  
SUBJECT: CAUTIOUS OPTIMISM FOR 3D FUND ROLLOUT

REF: RANGOON 099

RANGOON 00000419 001.2 OF 003

Classified By: Econoff TLManlowe for Reason 1.4 (b,d)

1. (SBU) Summary: As manager of the new Three Diseases Fund (3DF), on May 1, UNOPS signed the first contracts for projects in Burma to address malaria, TB and HIV/AIDS. UNOPS will obligate only funds already received from donors, approximately fifty percent of projects approved by the 3DF Board. The European Commission (EC) expects to contribute funds by September 1, when 3DF will fund another round of projects. Over half of the approximately \$25 million approved for the first year will fund HIV/AIDS work. 3DF sponsors seek additional funding, understanding that international attention will focus on their ability to deliver effective services and to maintain transparency and accountability. They acknowledge the potential pitfalls, but remain optimistic they will succeed. End summary.

2. (SBU) UNOPS has opened its Rangoon office and hired a CEO, Mikko Lainejoki, to manage the Three Diseases Fund (3DF) focused on the diseases of malaria, TB and HIV/AIDS in Burma. The office is recruiting six expatriate and twenty foreign national positions. At a 3DF Board meeting on March 15-16, four donor representatives (from UK, Sweden, and two from EC) and three international health experts approved specific proposals after receiving the results of a proposal review by a larger panel of international experts. After the meeting, UNOPS notified the organizations that were chosen as Implementing Partners (IPs) for the first round of projects. These IPs, drawn from UN agencies and INGOs, will work with local NGOs, professional associations, the private sector, government-sponsored NGOs, and local civilian administrations to carry out programs. 3DF's call for expressions of interest attracted proposals that totaled "hundreds of

millions of dollars," according to one donor.

13. (SBU) The overall total pledged by 3DF donors so far is approximately \$100 million over 3-5 years. The 3DF Board approved forty projects for the first year, which totaled approximately \$15 million for HIV/AIDS, \$5 million each for malaria and TB, and \$2 million for "integrated" projects that will address more than one disease. However the EC has not yet made its share of this year's funds available, so UNOPS only contracted for the amount already collected, approximately \$10 million. According to UN and INGO contacts, almost all the approved proposals extend existing projects. The initiation of the 3DF was timed to coordinate with the ending of the UN's Fund for HIV/AIDS in Myanmar (FHAM) funds. Brian Williams, Country Coordinator for UNAIDS, said that UNOPS negotiated with each recipient to determine which projects from the approved list should begin immediately with funding in hand, and which could wait until September to begin when UNOPS expected to have the EC's contribution in hand. Contracts will cover one year and some will include a provision for extension. The 3DF plans to announce the next round of proposal solicitations in September, with a stronger focus on the inclusion of civil society groups and local NGOs.

#### Potential Hurdles

14. (C) Rurik Marsden, Director of DFID at the British Embassy, outlined three potential hurdles facing implementation of 3DF goals: funding shortfalls, external politicization, and internal politicization. The first concern is money. Funding available in 2007 for HIV/AIDS is much less than what was available in 2006 from the Fund for HIV/AIDS in Myanmar (FHAM) and bridge funding from the Global Fund. HIV/AIDS programs face a \$30 million funding gap in

RANGOON 00000419 002.2 OF 003

2008, which 3DF cannot entirely fill. That gap will grow, Marsden said, as the number of patients needing anti-retroviral therapy (ART) grows. A WHO mission that visited Rangoon in January estimated the funding gap for TB will grow to \$15 million by early 2009. WHO specialist Leonard Ortega said malaria will require similar support. Current donors (the EC, UK, Norway, Sweden, Netherlands and Australia) hope to recruit new donors from among European nations. Japan and the U.S. are the only countries funding humanitarian programs in Burma that do not already contribute to the 3DF, Marsden said. He dismissed Korean aid to Burma as strictly business-focused, but said the donors will meet with the new Korean Ambassador to solicit his support.

15. (C) Marsden cited growing opposition, which he said came from Burmese exiles in Thailand and England who say the money should not be used to support government programs. Marsden said the donors acknowledge the high level of international scrutiny focused on the 3DF, and recognize that any failure would generate a broader reaction that could threaten the program's continued existence. For that reason, donors engaged the Ministries of Health, Home Affairs, Education, and National Planning in the preliminary stages of planning, and made sure to receive the blessing of the Cabinet and Senior General Than Shwe on proposed operating procedures. Observers will be especially concerned about transparency, access, and accountability issues, he noted, and said that donors received official agreement on procedures to address these concerns, partially contained in a Memorandum of Understanding (MOU).

16. (SBU) The MOU signed between UNOPS and the Ministry of Health (MoH) in October 2006 identifies three goals of the 3DF: to reduce transmission of HIV/AIDS and enhance treatment and care for HIV/AIDS-affected persons; to reduce morbidity, mortality and transmission of TB, and prevent further emergence of drug resistant forms of TB; and to reduce malaria morbidity by at least 50% by 2010. The MOU covers a five-year period and assigns the MoH responsibility for

timely clearance of equipment imports and visa issuances, as well as assistance with authorizations for travel to project sites. UNOPS will manage the program through "transparent mechanisms and accountability," and for procurement, allocation of grants, audits, and monitoring. UNOPS must prepare an annual report to the donor consortium.

¶7. (C) Internal politicization or political interference, according to Marsden, could also hinder progress. Despite high-level political support, Marsden feared that local leaders, including regional commanders and members of the regime's mass member organization, the Union Solidarity and Development Association (USDA), may create obstacles or interfere with 3DF projects. Donors and the Board have already decided on procedures to handle such cases, Marsden said, which includes first trying to resolve problems with local authorities at the lowest level, and, if resolution isn't possible, halting the program in that area. The goal will be to keep a localized difficulty from contaminating the whole program, he said. Despite these concerns, Marsden expressed optimism that the program would operate smoothly. Brian Williams at UNAIDS said that, aside from funding problems, he also did not anticipate any difficulty with actual 3DF implementation.

¶8. (SBU) Comment: the Ministry of Health may have the responsibility to ensure that projects around the country can be implemented, but in the end military commanders down to the local level have the final say. Successful implementation of 3DF projects will largely depend on the relationships providers have, or develop, with local

RANGOON 00000419 003.2 OF 003

authorities who call the shots. Many UN agencies and INGOs have well-established cooperative relationships with local authorities, who allow INGOs to address the healthcare needs of local residents that the Burmese government does not. More aggressive attempts by the USDA to insert themselves into the process will bear close attention. Recent high-profile reports that highlight the regime's restrictions on INGOs' humanitarian assistance programs in Burma will increase pressure on the 3DF to demonstrate quickly full transparency, accountability, and performance. How well the 3DF manages to navigate around the potential obstacles will be watched closely by international donors and humanitarian providers. The needs of the people are real, so 3DF success could encourage more assistance, while failure would be devastating. End comment.

VILLAROSA